Preserve P

G. R. S. IX-5]

Previous references.

File No. 125-16

Serial Nos. 12 & 12(a) 13

1916-17 (C. F.)

Later references.

S.F. 115-16, B. No. 17
S.F. [illegible] 18.
6a 3-0 41-19, 13 Dec 1918
G.7 248-41-2

GENERAL AND REVENUE SECRETARIAT.

Serial Nos. 12, 12(a) & 13.

Part B for Sep: 1917.

SUBJECT.

Mr Datta's note on Precaution at Head Quarters by Comptroller's office:

Ser: 13 H. 1427-76 xf: 10.9.17

Passing orders on the above subject.

W D 88—GPB—50,000—24-7-16

G. R. S. 11]

191[illegible]

GENERAL AND REVENUE SECRETARIAT.

([illegible])

NOTES.

File No. 125 H

FILE HEADING.

[illegible]

From [illegible]

No.	Dated	Received

Diary No.	Enclos.	Spare Copies.	Serial No. 12

BRIEF ABSTRACT OF LETTER.

[illegible]

NOTES AND ORDERS.

NOTES—First Sheet.

[redacted]

7 m 621

G.R.S. III—5]

Routine Notes.

[To be used only for notes, requisitions, etc., not intended for permanent record.]

CONTROLLER'S OFFICE CIVIL BRANCH 28 NOV. 1916 BANGALORE MYSORE GOVT.

re-audit at Head Quarters by Comptroller's Office."

Two copies of Mr.Datta's note on the marginally noted subject received by me to-day, are fowarded, with compliments, to to the Financial Secretary to Government for favour of necessary action.

Dues
24/11

A/s Fri

For action as usual. Urgent

M

24/11

Fowarded with compliments for favour of remarks & Very Early return

B.O
S. Shamanna
25-11-16.

Compt

N.B.—Should routine notes be written on small slips, the notes must be copied, or slips pasted on this form.

W.D. 84—GPB—60,000—20-7-16

R.T.O.

Fin 4209

The paragraphs of the note are referred to by numbers newly given to them.

NOV 1916

Paras 1 to 6.

The system of payment of pre-audit bills by cheques proposed in these paras will be brought into force from 1st December 1916(Vide this office letter No. 4206/R. 269 dated 28th November 1916). As reported in this letter the arrangement will be confined to payment by cheques of only bills now subject to pre-audit. The extension of the arrangement to all other bills now subject to post-audit and to all pension claims now payable at Bangalore will require the provision of a separate staff for dealing with the whole work of a complete Pay Section including the disbursement of cash in cases of petty payments. This system results in material relief to the Bangalore District Treasury and the transfer of some hands from the treasuries to this office is necessary for doing th additional work devolved on the latter. There is now no accommodation suited for the work of the Pay Section if it should deal with payments of all clai at headquarters.

I agree. This step was already under contemplation.

JRL
30/11

Para 7.

I do not see any objection to the arrangement proposed in this para.

7

In this case the Comptr's office will have to issue two different kinds of pre-audit cheques. Also if the method of operating in the Bank of Madras, Bangalore Acct remains unchanged as regards that, there will be difficulty.

JRL
30/11

Para 8.

The transactions of the Dewan's account with the Branch Bank are now included in the State Huzur Treasury accounts and this is the reason why the Treasury Officer also signs cheques drawn on the account. There is no objection to the account being directly operated on by the Comptroller and the Bank accounts being received and dealt with by this Office

8

At present two officers viz. the Comptroller & the Asst Comptr H.T. have to sign cheques on the Bangalore Branch, Bank of Madras. These cheques when monthly required for reconciling purposes are for heavy amounts sometimes running to lakhs in a few days & are exempted from the countersignature of Dewan.

As cheques over Rs 30,000 in all banks ordinarily require countersignature, I would retain the present practice as regards operating the Dewan's cash on the Bank of Madras Bangalore.

M 30/11

Office, without the intervention of the State Huzur Treasury. The compilation of a separate abstract for the Bank transactions will be necessary under the suggested procedure.

Paras 9 and 10.

I do not see any objection to the suggestions made in thede paras.

M Narasimha Rao
28.11.46

SDV/2-28
28/11/46
F(Sec'y)

K
29.11.46

I made enquiries from the Dewan's office if these counterfoils (and the original monthly accounts also which are sent) are put to any practical use. If they are not of any use the practice of sending copies of requisitions & accounts may be discontinued. As the Account is the Dewan's it may be thought desirable that some check should be exercised in the Dewan's Office.

M 30/11

Further note on para 8.

(1) The rules for operating on the Dewan's banking accounts shows that it was intended to exercise some check on the operations of the Comptroller.

(2) As regards Canara & Co & the Bank of Madras Madras the original monthly accounts are required to be submitted for the Dewan's inspection who can exercise the very important check that nothing which is not reported to him through the counterfoil

copies has been paid.

(3) As regards Bank of Madras Bangalore from which money has to be drawn for remittances &c, this account at present forms part of the Mysore Try accounts. The original accounts cannot be sent to the Dewan for inspection. Moreover heavy amounts have to be constantly drawn for remittance purposes and the ordinary rule of requiring the countersignature of the Dewan for cheques above Rs 30,000 cannot be applied to these cheques. In this case the check prescribed seems to be that the account is merged in the accounts of the Mysore Try & the A.C. H.J. & the Comptroller operate jointly.

(4) It is not correct to say that cheques on Bank of Madras Bangalore require the Khazana Bakshi's countersignature. That was done away with in G.O. of 12th Feby 1910, & if was laid down that the A.C.H.J. & the Comptr should jointly operate on the account. If the Comptroller alone is to operate on one of Dewan's account by himself and constantly draw heavy cheques, what is the use of keeping the Rs 30,000 limit in their accounts?

(5) Unless therefore the principle of exercising some check on the Comptroller's operations underlying the present practice & the rules is abandoned the proposals in paras 7 to 10 in Mr. Datta's note cannot be given effect to. And if they are given effect to the accounts may well cease to be Dewan's & be made the Comptroller's accounts. It is a matter for Govt to decide. Personally I am against the changes suggested.

JM

Mr. Dattar's note on
Pranditt at Head Quarters
&c

The Comptroller has noted on all the points & I have also added my remarks. This may be despatched by circulation or otherwise as desired. maybe

30/11

(President & members)

Please circulate for consideration at a meeting which may be held on the 6th inst. at 12 noon. If there are any Notes of Mr. Dattar ready for consideration, they may also be placed before the meeting after circulation the commencement of the meeting may kindly be counted from. 1/12/16 Addl

8th inst.

I suppose Secretary would as the Rest of the H. members may. If possible, be considered after Council on the 6th day

Addl

This file along with the file on Civil List is submitted to members for favour of perusal & return & of intimating if 12 noon on 6th inst would be suitable. If that date or time will not suit, a suitable date & hour may be kindly mentioned

50
1.12.16.

PTO 1/12

General and Revenue Secretariat. | File No. of 191 .

Serial No.

The 7c minutes' resolution may be noted in the draft as suggested. The minutes need not be circulated.

2. Proposal appears that to facilitate discussion the Chakrabarty's note may be sent to him before finalisation of proposal

2.12 3/12

President)

4/12

928
4.12.16

An agenda may be prepared & circulated.

There is no real necessity to circulate Mr. Chakravarti's note & the matter before the Senate has been considered by the H. Committee

4/12

4/12

The subject was considered in the meeting ~~of the meeting~~ of the Finance Committee held on the 7th December 1916 and their resolution in the matter is placed below.

P.T.O

NOTE—Contn. sheet.

GPB—25,000—2-11-14

Extract from the proceedings of the meeting of the Finance Committee held on Thursday the 7th December 1916.

Subject

Pre-audit at Head Quarters by the Comptroller's Office

Opinion of the Committee

The system of payment preaudit bills by cheques having been already introduced by the Comptroller, required no consideration. (para 1)

As regards the mode of payment of other Government claims in Bangalore it was thought that as suggested by Mr.Datta the system of making payments in the Taluk Treasury at Bangalore might be discontinued, that all payments at the District Treasu might be made on preaudit cheques issued by the Comptroller and that the Comptroller might be authorised to make small payment in his office. The Comptroller might apply to Government for necessary accomodation, staff etc., and the system might be introduced on all arrangements being completed.

As regards the method of paying amounts of bills to the Bank of Madras Bangalore, the arrangement suggested in para 7 may be adopted.

In regard to the changes suggested in the rules for operating on the Dewan's Banking accounts in the Bank of Madras Bangalore, Bank of Madras, Madras, Coutts and Co., London, (par 8 to 10), it was thought that the system might be altered as proposed, provided the Dewan was of opinion that the counterfoils submitted to the Dewan's office could serve no useful purpose and might be discontinued.

The substitution of cheques for requisitions would however involve the payment of one anna or penny for each order of payment. It would also involve the despatch of a large number of cheques regularly by post and foreign mail by the Comptroller to various parties in Madras and other places and in Europe.

"Extract"

J S Chetwynd

Secy. Fin. Committee.

Extract,

~~Secy. Finance Committee.~~

Serial No.

For the reasons stated in the last para of the resolution it is hardly desirable to replace the existing system of payment by requisitions at Madras & London by the expensive & risky system of cheques.

As regards extending the pre audit system to other payments in Bangalore it has to be remembered that under that system every person having a claim will have (1) To go to the Comptroller's office & leave the bill for pre audit (2) To go to the Comptroller's office a second time to get the pre audit cheque (3) To go to the treasury to cash the cheque. So against some saving of work in the matter of audit the public will be put to much greater trouble. In British India where treasury work at head quarters is done by the Presidency Banks the system of pre audit cheques is a necessity; but here in Bangalore it is hardly worth while to imitate the system by issuing cheques on a Govt Treasury especially as the public will be greatly inconvenienced. If & when the Imperial Bank takes up treasury work at head quarters we may consider the question of extending the pre audit system.

20/12

NOTE—Contn. sheet

1215 21-12-16

21/12/16 Gen. Dept.

WD 1288—GPB—60,000—1-12-16—S.

G. R. S. III-2]

General and Revenue Secretariat. | File No. | of 191 .

Serial No.

3639
23.12.16

The Resolution of the H. Assembly which was received with the Hon'ble Member's Minute may be considered at a meeting of the Council

21/12 Secy

Mr Bajpai
6-1-17 RC

Hensley). R
6.1.17.

To Secretary for necessary action

M
7/1/17

NOTE—Contn. sheet.

(For disposal at an Informal Meeting)

No. C. 3/9/17

9/1/1917

GENERAL AND REVENUE SECRETARIAT.

Council Matter.

SUBJECT.

Mr. Datta's note on Pre-audit at Head Quarters by the Comptroller office.

CIRCULATED TO THE MEMBERS OF COUNCIL.

By Order,

D. M. Hamilton

9th January 1917.

Secretary to Government.

Extraordinary Member of Council.

First Member of Council. Opinion recorded.

Second Member of Council. 6.1

WD 2012—GPB—1 000—9-2-16

Extract from the Proceedings of the 407th Meeting of the Council of His Highness the Maharaja, held at Bangalore, on the 10th February 1917.

14. SUBJECT.-Clause viii of the Schedule.

Mr. Datta's note on Pre-audit at Head Quarters in the Comptroller's Office.

OPINION OF THE COUNCIL.

Payments in the Taluk Treasury at Bangalore may be discontinued and all payments in the District Treasury may be made only on pre-audit cheques issued by the Comptroller.

The Comptroller may be authorised to arrange for payment in his office of head-quarter bills not exceeding Rs.100 in amount. He may be requested to submit proposals, in consultation with Mr. Datta, regarding the additional accommodation, staff, permanent advance etc. required for the purpose and introduce the system after all the necessary arrangements are completed.

W. D. 1364—GPB—200—14-12-16

In the case of pre-audited bills required to be paid into the Bank of Madras at Bangalore, the Comptroller may issue cheques direct on that Bank instead of arranging for the payment of such bills through the District Treasury.

As regards, payments at the Bank of Madras, Madras, and Messrs. Coutts & Company, arranged for by the Comptroller by means of requisitions, the existing practice and procedure may continue for the present.

Sd. M. Visvesvaraya,
Dewan of Mysore.

"E x t r a c t"

D. M. Narasimha Rao

Secretary to Government,
General Department.

General and Revenue Secretariat.

File No. of 191 .

Serial No.

Extract from the Proceedings of the Council is put up.

Forwarded with compliments to the Secretary to Government, Financial Department, for favour of necessary further action.

By Order

D. M. Narasimha Rao 17/2

Secretary to Government,
General Department,

A/S Fin

for a D.S.N.

(2) Include purport of my note of 20.12.17 in the submit note. Also say that I cannot exactly see how postal payts. can be made conveniently by pre-audit cheques. However I am not against giving the proposed system a trial & the details will no doubt be considered by the Comptr when submitting his proposals

M
17/2

H. Secy) With a draft. DSN
21.2.17

M
19/2

Dewan).

48028
21.2.17

NOTE—Contn. sheet.

W D 2382—GPB—500—20-3-16

AD 1233—GPB—60,000—1-12-16—S.

General and Revenue Secretariat. | Fin File No. 626 of 1916.

Serial No.	
	H Secy). with D.F.N 1051 N. 18 31.7.17
	for 7/8
	1st member). 1/8/17
	Copies sent. 8/8
1001/1	Fair final note signed by the 1st member is put up. 9/8 9/8/17 Deputy). 18 9.8.17
13	To The Hon'ble The Secretary to Govt of the Department of Health The K.L. Dalla Special file.
	Order on the K.L. Dalla note in Para 1 of file at flag

NOTE—Contn. sheet.

Final Note by the First Member of Council.

Subject:— Mr.K.L.Datta's Note on Pre-audit of bills at Head Quarters and payment by cheques.

Mr.K.L.Datta in his note dated 16th November 1916 on the subject of Pre-audit of bills at Head quarters in the Comptroller's office, suggested the introduction of the system of payment by cheques in respect of all bills pre-audited, as in the Presidency Towns in British India and proposed further the adoption of the following measures of simplification.

(i) Payment of bills desired by the Officers to be paid through the Bank of Madras, Bangalore, may be made by the issue of cheques direct on that Bank.

(ii) Adoption of a similar procedure of payment by cheques in lieu of letters of requisition authorising payment by the Bank of Madras, Madras.

(iii) The signature of the State Huzur Treasury Officer required for cheques on the Branch bank at Bangalore in addition to that of the Comptroller may be dispensed with as unnecessary.

(iv) The procedure of sending to the Dewan copies of the requistions authorising payment by the Bank of Madras, Madras and to Messrs.Coutts and Co., London, may be done away with, asevery requisition for payment exceeding £2000 or Rs.30,000 on either Bank will be issued only after obtaining previous sanction of the Dewan.

2. The system of payment of pre-audited bills by cheques was adopted by the Comptroller with effect from 1st December

December 1916 in respect of certain Head quarter offices and the proposal to extend it to all other Offices in Bangalore having been agreed to by the Council, the Comptroller was authorized to adopt it in respect of all payments at Bangalore.

3. The Council also agreed to the suggestions of Mr.Datta regarding the payment of pre-audited bills by cheques on the Bank of Madras, Bangalore.

4. But as regards his proposals regarding payments by the Bank of Madras, Madras, and Messrs. Coutts & Co., London, the Council thought that the existing practice and procedure might continue for the present.

5. Mr.Datta has in his second note dated 25th May 1917 suggested that for payments at Madras cheques on the Bank of Madras, Bangalore may be issued in lieu of sending requisitions on that Bank in respect of payments to be made at Madras.

6. As regards the payments to be made in London through Messrs.Coutts & Co., Mr.Datta is of opinion that the present practice of arranging the same by means of requisitions may continue, but that of sending copies of these requisitions to the Dewan's office may be discontinued.

7. The Financial Secretary is agreeable to these arrangements.

8. The Dewan's office is not in a position to exercise any effective check on copies of the requisitions for payments issued by the Comptroller authorizing payment at Bank of Madras Madras and Messrs.Coutts & Co., London, which are now being received from the Comptroller. The practice of sending such copies may be discontinued as the present rule, requiring all individual cheques on the Madras Bank and requisitions on Messrs.Coutts & Co., for Rs.30,000 or more to be countersigned by the Dewan, will continue to be in force.

9. His Highness' gracious approval is now solicited to the resolution of the Council with the modifications suggested in the last para of Mr. Datta's second note-paper flagged R.

8th May
1917

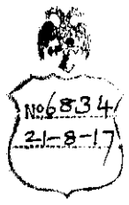
Submitted to His Highness.

I submit herewith a Final Note by the First Member of Council on the subject of Preaudit of Bills at Head Quarters in the Comptroller's Office and the introduction of the system of payment by cheques etc., for His Highness' gracious approval.

M. Visvesvaraya
21st Aug 1913.

Record of Cases submitted for the Orders of His Highness the Maharaja.

Subject.



Preaudit of Bills at Head Quarters in the Comptroller's Office and the introduction of the system of payment by cheques.

196

Order.

~~KRW~~
23/8/17

Fm. C Simla
24.8.07 Rs

WD 1233—G.P.B.—60,000—1-12-16—S.

G. R. S. III-2]

General and Revenue Secretariat.

C. 9 File No. 1 M626 of 191

Serial No.

Accept Lo c. Sales
8/16 Mm Hdesy). 18/2878

Returned to Hdesy

Hdesy). 18/2/9/17

1000/8/9

1st member) hm 8/9/17.

Draft approved by the First Member
8/9.1

Issue
8/9

NOTE—Contn. sheet.

4928/Enc file

17th May 1917.

Dear Sir,

I send herewith the file relating to the pre-audit of bills at head quarters in the Comptroller's Office. Before submitting the file to His Highness, the Dewan will be obliged if you will kindly let me know whether the resolution adopted by the Council requires, in your opinion, any change.

I believe you once told me that the decision of the Council might lead to some minor inconveniences.

An early reply will be esteemed a great favour.

Yours sincerely,

K.L.Datta Esqr., M.A.

D.O.No. 22 ... Enc/ 1 letter + a file.

Sec 12(a)

74494

Office of the Special Officer,

Bangalore, 25th May 1917.

Dear Mr. Hiriyannaiya,

Your D.O.No.4928 dated the 17th instant, regarding the orders proposed to be issued on my note regarding " the reaudit of bills at Headquarters in the Comptroller's office".

I would ask for a reconsideration of the last paragraph of the Council order which says that in regard to the payments at the Bank of Madras, Madras, and those by Messrs. Coutts & Co., in London, which are arranged for by the Comptroller by means of requisitions, the existing practice and procedure may continue for the present. The grounds on which this decision has been arrived at are, that the substitution of cheques for requisitions will involve a considerable amount of extra expenditure in the shape of postage and registration charges. As regards payments by Messrs. Coutts & Co., cheques need not be substituted for requisitions, but I would ask for a reconsideration of the question whether copies of these requisitions containing particulars of the claims need be furnished to the Dewan's office. As regards payments at Madras by the Bank of Madras, I beg that the question may be reconsidered in the light of the following remarks, as the proposed orders appear to me to be

be based upon a misapprehension and will lead to considerable increase of work in the Comptroller's office as explained below

Two courses have been hitherto followed in the Comptroller's office in regard to these payments. First, as regards bills presented by Public Works Officers to the Public Works branch of the Comptroller's office, the amounts of which are payable in Madras, the Comptroller's office issues cheques on the Bangalore branch of the Bank of Madras and forwards the bills to the Public Works Officers concerned after noting the fact of payment on them and sends by registered post the cheque to the firms and others who have to receive payment. Although the payments have to be made in Madras itself, these cheques on the Bangalore branch of the Bank of Madras are accepted by the parties as the Bank of Madras cashes them at Madras without charging any discount. Though the payments are thus actually made in Madras, the Bank of Madras charges them in the accounts of its Bangalore branch with the State. No advices of these cheques are however sent either to the Dewan's office or to t Bank. This practice has been in force for a long time and Rs.12,68,000 and Rs.10,50,000 were paid in this way in the two years 1914-15 and 1915-16 respectively.

In regard to payments on account of the Civil Department made through the Bank of Madras either by its head

office at Madras or its branch at Bangalore, the practice however been different. In regard to payments at Madras, bills after preaudit are enfaced by the Comptroller with an for payment by the Bank of Madras at Madras and these endd bills are returned to the departmental officers submitting , for transmission by post to the parties concerned for reing payment by presentation of the bills at the Bank of , Madras. At the same time, when these passed bills are mitted to the departmental officers concerned, an advice of bills passed for payment is sent to the Bank of Madras, giving details of the parties and the particulars of their claims the back of the advice. A copy of this with all the details maintained in the Comptroller's office and another copy with the details is sent to the Dewan's office. These advices elaborate and involve a considerable amount of labour in r preparation. The system also involves the transmission of s passed for payment to Madras by post through the departmentfficers, and I am not sure if they are sent by unregistered registered post. I therefore consider that the system is to strong objections, partly because the system followed in ".". branch of the Comptroller's office is simpler and the nt paid under that system is many times larger than the amoun under the complicated system in force in the Civil branch and

and secondly because of the following other reasons:-

i. It involves the transmission of bills bearing an order o payment by the Audit Office, by post through another officer.

ii. The keeping out of our account, the expenditure on accou of these bills until the payments are actually made and appear the Bank's accounts with the State.

iii. It involves the necessity of noting these payments in th different audit registers again after the amounts have been actu ly paid.

iv. The duplication of work involved in the preparation of th laborate advices.

v. The Dewan's office cannot possibly exercise any control over these payments and can make no use of the advices. In fact it does not receive any advice of the payments made on account the P.W.D.

If cheques are issued, it would not be necessary send back the bills to the parties through the officers con ned and the expenditure would be brought to account at once by dit to the head ' Preaudit Cheques ' which would be debited the cheques are paid. The cheque system is thus very much pler than the present procedure. Most of these cheques are rom well-known firms in Madras and if they are crossed, ld be only payable at the Bank by transfer and there would

no necessity for sending the cheques by registered post. In
cases, instead of there being any extra cost, there would
an actual saving in postage, because where we have to send
communications at present, namely, one to the parties concer
and the other to the Bank of Madras, we shall have to send in
future only the cheque to the party. The postage for sending
advices to the Bank would be saved altogether. About 60 or
bills are paid on an average in this way every month in the
Civil Department and the saving of labour would be considerable.
It is only in a very few instances, namely, 3 or 4 a month, that
payments are required to be made to persons who may not be
very well known, and in these cases, we should send the cheques
which should not be crossed, to the parties concerned by registe
post. I do not know how the passed bills are now sent by de-
partmental officers to the payees, whether by registered or un-
registered post. If they are sent by unregistered post, some
risk is undoubtedly run and this risk would be avoided by sendin
crossed cheques in most cases and uncrossed cheques in some case
by registered post. The cost of registration in the case of
the few uncrossed cheques, even if extra, would not be more than

than a rupee a month and I have no doubt that the Government would not grudge it.

In regard to payments to be made by the Civil branch of the Comptroller's office, through the Bangalore branch of the Bank of Madras, the present practice is to issue cheques but unlike the case of cheques issued by the P.W. branch, an advice containing name of the payee and full details of his claims has to be sent to the Dewan's office and also to the Bank. It is the discontinuance of this practice of sending advices, which was the main point of my suggestion and my contention is that if, in the case of cheques issued by the Comptroller from one of its branches and aggregating 10 to 12 lakhs of rupees a year, no advice is required to be sent either to the Dewan's office or the Bank, there is no reason for sending advices in the case of cheques issued by the same officer in another branch which aggregate a smaller sum in the year, or in the case of payments made through Messrs. Coutts & Co., in London.

I am now completely amalgamating the Civil and P.W branches of the Comptroller's office and as the same section will have to deal with all payments through the Bank of Madras, whether pertaining to the P.W. or the Civil Department, only one procedure should be laid down for its guidance and the P.W.system being unquestionably the simpler, will have to be followed. The

...ner change which I proposed was that advices of the cheques ...ld not be required to be sent when the payments appertain ...to Civil Department and I trust, for the reasons assigned ...e, Government will accept my proposal. Instead of any extra ...diture being involved, it will actually lead to a considerable ...ing of expenditure, for I shall introduce the system of cross- ...post of the cheques even in the case of the P.W.D. and will ...them by unregistered post instead of by registered post as ...ment. These cheques on the Bangalore branch of the Bank ...dras do not require any receipt stamp. It will not be nece- ...y in future to make any bills payable by the head office of ...Bank of Madras and no requisitions will therefore be issued ...t. Similarly for payments through Messrs. Coutts & Co., my ...osal is to discontinue the present system of sending to the ...'s office copies of the requisitions sent to the firm. These ...e about 30 a month.

The present rule of requiring the Dewan's counter- ...ature on all cheques or requisitions for Rs.30,000 or more ...of course continue to be in force.

I would therefore suggest that the last para of the ...t order may be altered as follows:-

'As regards payments in London by Messrs. Coutts & Co., which ... are arranged for by the Comptroller by means of requisitio

"requisitions, the existing system of sending requisitions will continue, but the present practice of sending copies of these requisitions to the Dewan's office may be discontinued. For payments to be made through the Bank of Madras, whether at Bangalore or Madras, the Comptroller will issue cheques on the Bangalore branch of the Madras Bank and will cross them whenever convenient. The present practice of sending advices of these cheques to the Bank and the Dewan's office in the case of claims against the Civil Department, may be discontinued. The present rule of requiring all individual cheques on the Bank or requisitions on Messrs. Coutts & Co., for Rs.30,000 or more to be countersigned by the Dewan should continue."

I have shown this letter to the Comptroller and enclose his reply.

The papers received with your D.O. are herewith return-

Yours sincerely,

L. L. Dutta

Officer of the Comptroller,

Bangalore, 25th May '17.

Dear Mr. Datta,

Your D.O. of date to Mr. Hiriyannaiya regarding the procedure for payment of claims against Government through the Bank of Madras, either at Bangalore or at Madras.

I agree with you in all that you state in your letter. The present practice is correctly described by you.

Yours sincerely,

M Venkatarao

T.O 1898 Enc 3
25-6-17

/11

W. D. 2725—GPB—2,000—5-6-16

REPLY.

(To be written on this margin.)

Office of the Dewan of Mysore.

NOTE.

Dated.....23rd.....June.....*1917* .

Demi-official letter dated 25th May 1917, from Mr.K.L.Datta giving his further views with reference to the resolution of the Council on the subject of preaudit of bills at head quarters in the Comptroller's Office.

******

Forwarded to the Financial Secretary for favour of opinion and definite recommendations.

23.6.17.

The arrangement proposed by Mr. Datta viz. to issue cheques on the Bank of Madras Bangalore for payts at Bangalore Madras, instead of sending preaudit bills may be ~~tried for a certain~~ adopted.

As regards discontinuance of advice to the Dewan's office both in respect of requisitions on Controller & ~~Bank~~ the Bank of Madras, Bangalore, Madras it is a matter for Dewan Sahib to decide. If no action is taken on them in the Dewan's office & they serve no useful purpose they may be discontinued.

3.7.17

4.7.17

Dewan).
Financial Secy.

3.7.17

G.R.S. III—3]

Routine Notes.

[To be used only for notes, requisitions, etc., not intended for permanent record.]

4
2-7-17

A printed copy of Mr. Datta's second note on "Pre-audit at Head Quarters by Comptroller's Office" is submitted herewith.

The file containing the first note of Mr. Datta on this subject was submitted to Dewan with a Draft Submission Note on the 19th February 1917. A typed copy of this second note also appears to have been sent to the Private Secretary to Dewan direct by Mr. Datta on the 25th May 1917 and referred by the Dewan to the Financial Secretary for a note.

SUBMITTED TO THE DEWAN.

Dewan
3096

N.B. Should routine notes be written on small slips, the notes must be copied, or slips pasted on this form.

W.D. 81—GPB—60,000—20-7-16

No. 11.

PRE-AUDIT AT HEADQUARTERS BY COMPTROLLER'S OFFICE.

The system of pre-audit at present followed by the Comptroller's Office is very cumbrous and involves a good deal of extra labour both in the Comptroller's Office as well as in the Treasury. The bills pre-audited are at present noted in the respective registers, the date on which they are passed for payment being recorded in them, and an order for payment is then recorded on these bills and they are returned to the payees. These latter, then submit them to the Treasury where they are subjected to the same processes as are observed in the case of un-pre-audited bills presented at the Treasury direct. These vouchers after being paid are submitted to the Comptroller with the bi-monthly lists of payments and in the Comptroller's Office they have to be redistributed among the different auditors who have to note the date of payment again in the Audit Registers in which the date on which they were passed for payment has been already recorded. This laborious process should have been given up long ago and the British Indian system adopted in its place. Under this system, the bills before being passed for payment in the Comptroller's Office should be recorded in the audit register as finally paid and in every case, instead of the bills being returned to the payee for presentation to the District Treasury, a cheque should be issued on the District Treasury and made over to the payees. The District Treasury will then have nothing to do with the bills but will simply make the payment on the cheque and charge it in its accounts as a payment on account of pre-audit cheques under the head "Pre-Audit Cheques." The Comptroller's Office should consider the bills, on which cheques have been issued by it, as paid, the moment the cheques are issued. It should prepare a classified abstract from these vouchers, in which these amounts should be debited to the head of account concerned by *per contra* credit of the total amount paid during the day to the head "Pre-Audit Cheques." A separate register should be maintained in the Comptroller's Office for the cheques issued by it and when the cheques are received back from the treasury after payment, the date of payment of each cheque should be recorded in the register of cheques against the particular entry for the cheque concerned. The Treasury Officer should send to the Comptroller daily all the pre-audit cheques paid by him on that day with a covering list in which he should bring forward the progressive totals from day to day from the 1st to 10th of every month and again from the 11th to the last day of the month. In his bi-monthly lists of payments, he should show only the total amount paid on account of pre-audit cheques during the period covered by these lists. These daily lists will enable the Comptroller to exercise a prompt check over the payment of pre-audited cheques and to detect immediately if any frauds are committed and also to take steps if any cheques remain unpaid for any length of time.

2. I understand, negotiations are in progress for transferring the work of paying bills from the Bangalore District Treasury to the Mysore Bank. If such an arrangement is finally decided upon, pre-audit cheques will of course, be issued on the Bank of Mysore and the Mysore Bank will have to be required to submit a daily list of cheques paid by it, supported by the cheques themselves.

3. Pending completion of the necessary arrangements with the Bank of Mysore, the system of pre-audit in force in British India should be introduced at once, say with effect from 1st December 1916. The detailed instructions are contained in Chapter 49 of the Civil Account Code.

4. The pre-audit arrangement in British India consists of two parts, *viz.*, (1) the issue of cheques in payment of all bills up to a certain minimum amount, generally Rs. 100 and (2) the payment of all bills below this minimum, in cash at the Accountant-General's Office itself. The Accountant-General is allowed for this purpose a permanent advance of about Rs. 2,000 which is recouped as soon as it is about to be exhausted. This recoupment is

done, generally, every day or every alternate day, but at the beginning of a month, when the amount to be paid is very large, he draws an estimated amount from the treasury in advance, and it is adjusted within the first few days of the month.

5. The second part of the arrangement is in force in all the Presidency Towns and in some of the large Accounts Offices, but it is not in force in all the Accounts Offices in India. The introduction of this part of the arrangement will require the sanction of the Government and I am preparing a separate note about it, but the first part of the arrangement does not require Government sanction, and, if the Comptroller agrees, he can introduce it of his own account, with effect from 1st December next. All that is necessary for him is to get some cheque books printed, marked 'Pre-Audit Cheque' and to issue the necessary instructions to the Treasury Officer, Bangalore, and to all the officers who submit bills to him for pre-audit. He should also issue an office order for the guidance of his office. In his instructions to the Treasury Officer, he might at the same time say that the Treasury Officer need not, in future, bring to account the gross amounts of bills paid by him and that he should also discontinue the maintenance of separate registers of deductions, usually made, from Salary and Establishment Bills. The Treasury Officer should be also asked to charge in the list of payments only the net amounts actually paid by him, whether at Headquarters or at Taluk Treasuries.

6. As these arrangements do not require the sanction of Government the Comptroller has agreed to introduce them with effect from 1st December next.

7. At present, a good many officers, who submit their salary and travelling allowance bills to the Comptroller's Office for pre-audit or to the Bangalore Treasury direct, for payment, require the amounts of their bills to be paid to their credit at the Bangalore Branch of the Bank of Madras. The Comptroller enfaces these bills with an order on the Bangalore Treasury to make the payments to the Bangalore Branch of the Bank of Madras. The bills are then returned to the payees or if they are presented by the Bank of Madras, to the Bank itself. Where the bills are returned to the payees, the latter make them over to the Bank of Madras and the passed bills are then presented by the Bank of Madras to the Bangalore Treasury for payment. The Treasury Officer then credits in his account, the amounts of these bills to the Bank of Madras by *per contra* debit to salaries and other heads and sends a list of these amounts to the Bank, keeping a counter-foil of the list in his own office, and sending a triplicate of it to the Huzur Treasury as an advice. All these complicated adjustments will be avoided if the Comptroller issues, in payment of these bills, cheques direct on the Bangalore Branch of the Bank of Madras. He can then adjust the amounts of these bills to debit of the respective heads by *per contra* credit to the head "Pre-Audit Cheques, Bank of Madras, Bangalore." I understand this part of the arrangement will require the sanction of the Government. Such sanction may, therefore, be accorded at once, so that the system may be introduced with effect from 1st December next.

8. At present all cheques on the Branch Bank at Bangalore issued by the Comptroller require to be signed both by the Comptroller and the Huzur Treasury Officer. The latter can exercise no useful check on such cheques, nor is any check necessary. The Comptroller has power to authorise any payments from any District Treasury and there is no reason why, when the payments are made from the Bangalore Bank, any check should be exercised by a second officer.

9. Under Government Order No. Fl. 4030-1—G. F. 136-09-2, dated 12th February 1910 the requisitions for payments at the Head Office of the Bank of Madras are authorised by the Comptroller by a special requisition, a copy of which is sent to the Dewan. I am not aware what check is exercised by the Dewan's Office over these requisitions. So far as I can judge, it is not possible for the Dewan's Office to exercise any check over them. The system of issuing requisitions is also very cumbrous. I would suggest that in future these requisitions be also replaced by cheques drawn by the Comptroller. The Bank would undoubtedly welcome this reform. The Comptroller will be able to treat the vouchers which are paid by cheques on the Head Office of the Bank of Madras, as finally paid and to bring to their account their amounts immediately after the cheques have been issued by *per contra* credit to the head "Pre-Audit Cheques, Bank of Madras." The Bank of Madras might be required to forward to the Comptroller a weekly statement of the cheques paid by it. This would simplify matters immensely and I propose that this arrangement may be sanctioned by Government at once.

10. The necessity of submitting to the Dewan duplicates of the requisitions issued by the Comptroller on Messrs. Coutts & Co., may also be done away with. As the monthly accounts received from Messrs. Coutts & Co. are submitted to the Dewan, it should serve all practical purposes. The necessity of the Comptroller getting countersigned every requisition on Messrs. Coutts & Co., and every cheque on the Madras Bank in excess of £2,000 and Rs. 30,000 respectively will serve as a check on the Comptroller drawing unusually large amounts and keep the Dewan informed of large transactions. It is hardly necessary that he should be troubled about small payments as it serves no useful purpose.

K. L. DATTA.
16-11-16.

P. T. O. for second

SECOND NOTE ON PRE-AUDIT AT HEADQUARTERS.

11. The Council while approving of the suggestions contained in my note on the Pre-audit of bills at Headquarters in the Comptroller's Office have come to the following resolution, as regards payments at the Bank of Madras, and by Messrs. Coutts & Co.

"As regards payments at the Bank of Madras, Madras, and Messrs. Coutts & Co., arranged for by the Comptroller by means of requisitions, the existing practice and procedure may continue for the present."

12. The grounds on which this decision has been arrived at are, that the substitution of cheques for requisitions will involve a considerable amount of extra expenditure in the shape of postage and registration charges. As regards payments by Messrs. Coutts & Co., cheques need not be substituted for requisitions, nor did I suggest it, but I would ask for a reconsideration of the question whether copies of these requisitions containing particulars of the claims received should be furnished to the Dewan's Office. As regards payments at Madras, by the Bank of Madras I beg that the question may be reconsidered in the light of the following remarks, as the proposed orders appear to me to be based upon a misapprehension and will lead to considerable increase of work in the Comptroller's Office, as explained below.

13. Two courses have been hitherto followed in the Comptroller's Office in regard to these payments. First, as regards bills presented to the Public Works Branch of the Comptroller's Office, by Public Works Officers, the amounts of which are payable in Madras, the Comptroller's Office issues cheques on the Bangalore Branch of the Bank of Madras and forwards the bills to the Public Works Officers concerned after noting the fact of payment on them and sends by registered post the cheques to the firms and others who have to receive payment. Although the payments have to be made in Madras itself, these cheques on the Bangalore Branch of the Bank of Madras are accepted by the parties as the Bank of Madras cashes them at Madras without charging any discount. Though the payments are thus actually made in Madras, the Bank of Madras charges them in the accounts of its Bangalore Branch with the State. No advices of these cheques are however sent either to the Dewan's Office or to the Bank. This practice has been in force for a long time and Rs. 12,68,000 and Rs. 10,50,000 were paid in this way in the two years 1914-15 and 1915-16 respectively.

14. In regard to payments on account of the Civil Department made through the Bank of Madras either by its head office at Madras or its branch at Bangalore, the practice has however been different. In regard to payments at Madras, the bills after preaudit are enfaced by the Comptroller with an order for payment by the Bank of Madras at Madras and these enfaced bills are returned to the departmental officers submitting them, for transmission by post to the parties concerned for receiving payment by presentation of the bills at the Bank of Madras, Madras. At the same time, when these passed bills are transmitted to the departmental officers concerned, an advice of the bills passed for payment is sent to the Bank of Madras, giving full details of the parties and the particulars of their claims, on the back of the advice. A copy of this with all the details is maintained in the Comptroller's Office and another copy with all the details is sent to the Dewan's Office. These advices are elaborate and involve a considerable amount of labour in their preparation and in every such case the Comptroller himself has to sign three documents and initial two counterfoils. The system also involves the transmission of bills passed for payment to Madras by post through the departmental officers, and I am not sure if they are sent by unregistered or registered post. I therefore consider that the system is open to strong objections, partly because the system followed in the P. W. Branch of the Comptroller's Office is simpler and the amount paid under that system is many times larger than the amount paid under the complicated system in force in the Civil Branch and secondly because of the following reasons:—

(i) It involves the transmission of bills bearing an order of payment by the Audit Office, by post through another officer.

(ii) The keeping out of our account, the expenditure on account of these bills until the [illegible] made and appear in the Bank's accounts with the State.

(iii) It involves the necessity of noting these payments in the different audit registers again after the amounts have been actually paid.

(iv) The duplication of work involved in the preparation of the elaborate advices, and

(v) The Dewan's office cannot possibly exercise any control over these payments and can make no use of the advices. In fact, it does not receive any advice of the payments made on account of the Public Works Department.

15. If cheques are issued, it would not be necessary to send back the bills to the parties through the officers concerned and the expenditure would be brought to account at once by credit to the head 'Pre-Audit Cheques' which would be debited when the cheques are paid. The cheque system is thus very much simpler than the present procedure. Most of these cheques are in favour of well-known firms in Madras and if they are crossed, they would be only payable at the Bank by transfer and there would be no necessity for sending the cheques by registered post. In these cases, instead of there being any extra cost, there would be an actual saving in postage, because where we have to send two communications at present namely, one to the parties concerned, and the other to the Bank of Madras, we shall have to send in future only the cheque to the party. The postage for sending the advices to the Bank would be saved altogether. About 60 or 70 bills are paid on an average in this way every month in the Civil Department and the saving of labour would be considerable. It is only in a very few instances, namely 3 or 4 a month, that the payments are required to be made to persons who may not be very well known, and in these cases, we should send the cheques which should not be crossed, to the parties concerned by registered post. I do not know how the passed bills are now sent by departmental officers to the payees, whether by registered or unregistered post. If they are sent by unregistered post, some risk is undoubtedly run and this risk would be avoided by sending crossed cheques in most cases and uncrossed cheques in some cases by registered post. The cost of registration in the case of the few uncrossed cheques, even if extra, would not be more than a rupee a month and I have no doubt that the Government would not grudge it.

16. In regard to payments to be made by the Civil Branch of the Comptroller's Office, through the Bangalore Branch of the Bank of Madras, the present practice is to issue cheques but unlike the case of cheques issued by the Public Works Branch, an advice containing names of the payee and full details of his claim has to be sent to the Dewan's Office and also to the Bank. It is the discontinuance of this practice of sending advices, which was the main point of my suggestion and my contention is that if in the case of cheques issued by the Comptroller from one of its branches and aggregating 10 to 12 lakhs of rupees a year, no advice is required to be sent either to the Dewan's Office or the Bank, there is no reason for sending advices in the case of cheques issued by the same officer in another branch which aggregate a smaller sum in the year, or in the case of payments made through Messrs. Coutts & Co. in London.

17. I am now completely amalgamating the Civil and P. W. branches of the Comptroller's Office and as the same section will have to deal with all the payments through the Bank of Madras, whether appertaining to the P. W. or the Civil Department, only one procedure should be laid down for its guidance and the P. W. system being unquestionably the simpler, will have to be followed. The only change which I proposed was that advices of the cheques should not be required to be sent when the payments appertain to the Civil Department and I trust, for the reasons assigned above, Government will accept my proposal. Instead of any extra expenditure being involved, it will actually lead to a saving of expenditure, for I shall introduce the system of crossing most of the cheques even in the case of the Public Works Department and will send them by unregistered post as at present. These cheques on the Bangalore Branch of the Bank of Madras do not require any receipt stamp. It will not be necessary in future to make any bills payable by the head office of the Bank of Madras and no requisitions will therefore be issued on it. Similarly, for payments through Messrs. Coutts & Co., my proposal is to discontinue the present system of sending to the Dewan's Office, copies of the requisitions sent to the firm. These number about 30 a month.

The present rule of requiring the Dewan's countersignature on all cheques or requisitions for Rs. 30,000 or more will of course continue to be in force.

p a

18. I would therefore suggest that the last para of the Council resolution may be altered as follows:—

"As regards payments in London by Messrs Coutts & Co., which are arranged for by the Comptroller by means of requisitions, the existing system of sending requisitions may continue, but the present practice of sending copies of these requisitions to the Dewan's Office may be discontinued."

"For payments to be made through the Bank of Madras, whether at Bangalore or Madras, the Comptroller will issue cheques on the Bangalore Branch of the Madras Bank and will cross them whenever convenient. The present practice of sending advices of these cheques to the Bank and the Dewan's Office in the case of claims against the Civil Department, may be discontinued. The present rule of requiring all individual cheques on the Bank or requisitions on Messrs. Coutts & Co., for Rs. 30,000 or more to be countersigned by the Dewan should continue."

K. L. DATTA.

25-5-17.

5 S.O. dt. 9.18

G.R.S. VI-71]

SUBJECT... Re Preparation of Pay bills at Head Quarters and introduction of payment by cheques.

Diary No. of letter replied to.....

General and Revenue Secretariat

( )

, *the* 191 .

Date of issue 10-9-17

Signed by W Sreenivasaiengar

Section

File No. 37 125/16

Serial No. 13

Proceedings of the Government of His Highness the Maharaja of Mysore,

Read.—

Note dated 16th November 1916 by Mr. K. L. Datta, Special officer, on Preparation of bills at Head Quarters in the Comptroller's office and introduction of payment by cheques.

Order Thereon:— No. H 1427-76 & 10 Sept 17

Mr K.L. Datta in his note read above, suggested the introduction of the system

over.

May this be

i Printed?

ii treated as a standing order?

iii published in the Gazette, English part?

iv translated?

v placed at the disposal of the press?

vi published in the Gazette Kannada part?

5/9/17

of payment by cheques in respect of all bills of Head Quarter offices presented as in the Presidency towns in British India and proposed further, the adoption of the following measures of simplification of work in the Comptroller's office:—

(i) Payment of bills desired by the officers to be paid through the Bank of Madras, Bangalore, may be made by the issue of Cheques direct on that bank.

(ii) Adoption of a similar procedure of payment by cheques in lieu of letters of requisition authorising payment by the Bank

List of enclosures.

Copied by

Examined by

GENERAL AND REVENUE SECRETARIAT.

(*Continuation sheet-draft form.*)

of Madras, Madras.

(iii) The signature of the State Huzur treasury officer required for cheques on the branch bank at Bangalore in addition to that of the Comptroller may be dispensed with as unnecessary.

(iv) The procedure of sending to the Dewan copies of the requisitions authorising payment by the Bank of Madras, Madras, and to Messrs Coutts & Co, London may be done away with as every requisition for payment exceeding £ 2000 or Rs 30000 on either Bank will be issued only after obtaining previous sanction of the Dewan.

2. The system of

GPB.—20,000—7-7-14

payment of preaudited bills by cheques was adopted by the Comptroller with effect from 1st December 1916 in respect of certain Head Quarter offices and Govt. have since authorised the Comptroller to adopt it in respect of the bills of all offices at Bangalore whose bills are required to be preaudited.

3. Government are of opinion that the Counter signature of the State Huzur treasury officer required under the present procedure in respect of cheques drawn on the Bank of Madras, Bangalore by the Comptroller is not necessary and that may be dispensed

G. R. S. 27]

GENERAL AND REVENUE SECRETARIAT.

(*Continuation sheet draft form.*)

4. Government accept
also the proposals of
Mr. Datta that in
respect of payments
to be made at Mad
through the Madras
Bank, cheques on
the Madras / Bangalore
Bank / may be issue
in lieu of sending r
quisitions.

5. As regards the pay
to be made in Londo
through Messrs Coutts & C
the present practice
arranging the same
means of requisitio
will continue but th
Comptroller need not
future send copies of
these requisitions t
Dewan for informatio

8/9/17

for Secy
7/9/17

18/8/17 for Secy
To The other Secretaries to Govt
The Comptroller
The Chief Engineer & Secretary to Govt P.W.D.

GPB—20,000—7-7-14